

EXHIBIT 1

INTRODUCTION

Rob Guzman was an unsuccessful candidate for State Senate in District 32 in the special election held on March 7, 2000. Respondent Rob Guzman for State Senate was his controlled committee. Respondents were required to file two pre-election campaign statements and two semi-annual campaign statements. Respondents failed to timely file these required campaign statements, in violation of sections 84200, 84200.5 and 84200.8 of the Political Reform Act (the "Act").¹

For the purposes of this Stipulation, Respondents' violations of the Act are stated as follows:

- COUNT 1:** Respondent failed to timely file a pre-election statement by January 27, 2000, in violation of Government Code sections 84200.5 and 84200.8, subdivision (a).
- COUNT 2:** Respondent failed to timely file a pre-election statement by February 24, 2000, in violation of Government Code sections 84200.5 and 84200.8, subdivision (b).
- COUNT 3:** Respondent failed to file a semi-annual campaign statement by July 31, 2000, in violation of Government Code section 84200, subdivision (a).

SUMMARY OF THE LAW

Counts 1-2

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to assure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters will be better informed, and so that improper practices will be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose.

One feature of the system, found at section 84200.5, subdivision (c), is that all candidates and their controlled committees, for an election that is not being held in June or November of an even-numbered year, shall file pre-election campaign statements according to a schedule set forth at section 84200.8. Section 84200.8, subdivision (a) requires candidates and their controlled committees to file a first pre-election statement no later than forty days before the election, disclosing contributions and expenditures occurring up to forty-five days before the election. Section 84200.8, subdivision (b) requires candidates and their controlled committees to

¹ The Political Reform Act is contained in sections 81000 through 91014 of the Government Code. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission, enacted pursuant to the provisions of the Act, are contained in sections 18000, *et seq.*, of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

file a second pre-election statement no later than twelve days before the election, disclosing contributions and expenditures occurring between forty-four and seventeen days before the election.

Count 3

Another feature of the system, found at Section 84200, subdivision (a), requires candidates and their controlled committees to file semi-annual campaign statements each year, no later than July 31, to disclose contributions and expenditures that occur during the semi-annual reporting period ending June 30, and no later than January 31, to disclose contributions and expenditures that occur during the semi-annual reporting period ending December 31. Candidates and committees terminate their filing obligation by filing a Statement of Termination. (Gov. Code, section 84214.)

Accordingly, Respondents were required to file periodic campaign disclosure statements, as follows:

<u>Filing Deadline</u>	<u>Type of Statement</u>	<u>Period Covered By Statement</u>
January 27, 2000	1 st Pre-Election	1/1/00 – 1/22/00
February 24, 2000	2 nd Pre-Election	1/23/00-2/19/00
July 31, 2000	Semi-Annual	2/20/00-6/30/00

SUMMARY OF THE FACTS

Count 1: Failure to timely file a pre-election statement by January 27, 2000, in violation of Government Code sections 84200.5 and 84200.8, subdivision (a).

Respondents failed to file a pre-election statement covering the period January 1, 2000-January 22, 2000, by the January 27, 2000 due date. Respondents filed a campaign statement on March 3, 2000, covering the period 12/26/99-2/19/00. This was 38 days past the due date for the first pre-election statement.

Count 2: Failure to timely file a pre-election statement by February 24, 2000, in violation of Government Code sections 84200.5 and 84200.8, subdivision (b).

Respondents failed to file a second pre-election statement covering the period January 23, 2000-February 19, 2000, by the February 24, 2000 due date. As noted above, Respondents filed a campaign statement on March 3, 2000, covering the period 12/26/99-2/19/00. This was 8 days past the due date for the second pre-election statement and four days before the election.

Count 3: Failure to timely file a semi-annual campaign statement by July 31, 2000, in violation of Government Code section 84200, subdivision (a).

Respondents did not file a semi-annual campaign statement by the July 31, 2000 due date.

On March 8, 2000, the San Bernardino County Registrar of Voters sent the treasurer of Respondents' controlled committee written notification advising that the campaign statement filed on March 3, 2000 was 8 days late. The Registrar's notice stated that an \$80 statutory fine was being imposed because no request for a waiver of the fine had been received and that the matter would be referred to the FPPC if the fine was not paid by March 20, 2000. The Registrar sent a second notice to Respondent Guzman on March 31, 2000. Respondents did not respond to these notices.

On June 1, 2000, the Registrar sent a reminder letter to Respondents reminding them of the upcoming due date of July 31, 2000 for his semi-annual statement. On August 10, 2000, and August 23, 2000, the Registrar sent letters to Respondents advising them that the semi-annual statement was overdue. Respondents did not respond to these notices.

Respondents' failure to timely comply with campaign reporting requirements was referred to the Enforcement Division of the FPPC. Linda Moureaux of the Enforcement Division left phone messages at the number listed on the Committee's Statement of Organization on October 10, 2000, and again on November 16, 2000, asking for a return call. Investigator Bill Motmans left messages at the same number on January 2, 2001, January 3, 2001, and January 5, 2001. The Registrar's notices were mailed to Respondents at the address listed on the Committee's Statement of Organization, with the exception of the March 8, 2000 notice, which was sent to the address listed as the mailing address for the Committee Treasurer. The answering machine at which the messages were left by the Enforcement Division answered, "Guzman for Senate 2000." Respondents failed to respond to any of the notices or phone calls detailed above. Investigator Motmans also left phone messages for former Committee Treasurer Jackie Kam at the number listed for her on January 2, 2001 and January 5, 2001, and received no reply.

On January 19, 2001, Commission Counsel wrote Respondent Guzman at the Post Office box listed as the mailing address for the Committee. The letter was returned indicating that the P.O. Box had been closed, although no termination statement had been filed for the Committee.

After locating Respondent Guzman's residence, on January 29, 2001, Commission Counsel wrote Mr. Guzman at his residence and Mr. Guzman responded on February 2, 2001. After being contacted by Commission Counsel, Mr. Guzman filed all required campaign statements.

ADDITIONAL INFORMATION

The timing of the disclosure of the bulk of Respondents' campaign activity, four days before the special election for a State Senate seat, denied the public as well as Mr. Guzman's opponents substantial information about his campaign financing and expenditures until the very eve of the election.

Mr. Guzman, a three-time candidate for United States Congress in 1994, 1996 and 1998, is not an amateur in the political arena. Both before and after the March 2000 special election Respondents failed to respond to numerous reminders and late notices regarding their campaign filing obligations. Having listed only a Post Office Box as a mailing address for himself and his controlled committee, in violation of Government Code section, 84102, subdivision (a), Respondent Guzman then closed the P.O. Box and failed to file an amended Statement of Organization listing a current address for the Committee, in violation of Government Code section 84103, subdivision (a). Consequently, a significant expenditure of time and resources were required to locate him and resolve his campaign reporting violations.

However, once contacted, Respondent Guzman was cooperative and filed all required statements. The campaign statement filed March 3, 2000 shows a negative balance of nearly \$20,000 and the post-election semi-annual report shows no fundraising activity has taken place since the election. Respondent Guzman has no previous record of violations of the Political Reform Act.

CONCLUSION

This matter involves three counts of violating the campaign reporting provisions of the Act, and carries a maximum administrative penalty of Six Thousand Dollars (\$6,000.00). The facts of the case justify imposition of the agreed upon fine of Three Thousand Seven Hundred and Fifty Dollars (\$3,750).